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**DEPARTMENT OF EDUCATION**

OFFICE OF STUDENT FINANCIAL ASSISTANCE  
WASHINGTON, D.C. 20202

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# The Bulletin

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Department of Education

Office of Student Financial Assistance

**On an interim basis,  
The Bulletin will be  
published bi-monthly.**

## Notes From The Acting Deputy Assistant Secretary

Recently we have noticed that audits and program reviews are identifying, in substantial amounts and with increased frequency, instances where institutions have drawn funds from the Departmental Federal Assistance Financing System (DFAFS), diverted them directly to institutional accounts, and used the funds to cover operating expenses of the institution. Such practices are prohibited by statutes and regulations. Institutions that have followed such practices may be subject to civil or criminal proceedings by the Department of Justice, in addition to limitation, suspension, fine, and/or termination actions by the Department of Education (ED). We intend to analyze each case on its own merits to determine the proper remedy. We will look at such factors as the amounts involved, duration and frequency of the "borrowings," and intentions of the institutions. One of our concerns is the undisclosed interest costs incurred by the Federal Government for the funds used improperly by the institution in advance of the time they were needed for student financial aid disbursements.

We believe that institutions must bear the responsibility for their actions in this area. Therefore, during the Division of Certification and Program Review (DCPR) audit and program review process, in addition to ensuring that the improperly used funds are reimbursed, we will take the following actions:

- (1) require institutions to pay interest on the Federal funds improperly used;
- (2) assess a fine in an amount at least equal to the interest cost, under the provisions of 34 CFR 668.75, as authorized by 487(b)(2)(B) of title IV of the Higher Education Act of 1965, as amended, by the Education Amendments of 1980, P.L. 96-374, and;

(3) determine whether the facts warrant civil, criminal, or additional administrative proceedings.

The interest rate to be charged is a percentage rate determined by the Department of the Treasury. This rate is based on the current value of funds to the Treasury and DCPR will use the rate applicable to the time period when the funds were used by the institution. Payments of both the interest and fine will be made directly to ED.

Institutions also should note that we consider a similar misuse of Federal funds to have occurred when an institution withdraws excess cash from its National Direct Student Loan (NDSL) Fund and uses it temporarily to cover institutional operating expenses. Interest and a fine also will be assessed in these types of cases; however, the interest is paid to the NDSL Fund and the fine is paid to ED.

Sincerely,

*James W. Moore*  
James W. Moore

## Pell (Basic) Grant Application Processing Resumes

Because of President Reagan's proposed budget reductions, the Department of Education (ED) chose to temporarily suspend processing 1981-82 Pell (Basic) Grant applications on February 20 until proposed changes for the program were agreed upon. This action was taken to eliminate the possibility of some students having eligibility determined under a method that might later be changed.

We commenced processing Pell (Basic) Grants on Wednesday, April 15, after making changes to the system to accommodate the following program changes the Congress and the Administration agreed upon:

- Set maximum Pell (Basic) Grants at \$1,750.
- Continue to use the 1980-81 family size offset—this is not indexing for inflation.

We expect the backlog of application processing to be cleared up by June. As of April 15, a student sending in an application can expect to receive his or her Student Eligibility Report (SER) within ten weeks.

Since some students will receive their SER's later than expected as a result of the processing suspension, and may, in fact, not be in school when they do receive them, we are establishing a limited waiver of the SER submission rule. The rule resulting from this waiver is as follows: **Any otherwise eligible student may turn in a valid 1981-82 SER to his or her institution by July 15, 1981, and be paid even if he or she has already left school when the SER is turned in. After July 15, 1981, the regular rule outlined in §690.61 of the Pell (Basic) Grant regulations will again be in effect.**

## **NDSL "REFERRAL" Authority Will Be Abolished**

The Department of Education (ED) will not accept any new National Direct (Defense) Student Loan (NDSL) "Referrals" effective July 1, 1981. ED student loan collection activities will be consolidated into three of the ten regional offices of the Office of Student Financial Assistance (OSFA). ED will no longer exercise its authority which allows institutions to refer loans under specific requirements regarding the performance of due diligence by the institution.

In view of the recent consolidation decision, institutions will still be entitled to eighty (80) percent of all dollars collected on those "referred" loans already in the hands of the Federal Government.

The submission period for assigning loans, which heretofore has been July 1 of a particular calendar year through June 30, of the next calendar year, will be restricted to a period not to exceed January 1 to June 30 of the same calendar year (a six month period). Therefore, ED will not accept any NDSLs after midnight June 30, 1981, but will commence accepting only assigned loans as of January 1, 1982 and continue that operation until June 30, 1982.

## **BEOG Authorization Adjustments**

The financial constraints of this fiscal year have required the Office of Student Financial Assistance to closely control the release of all funds for the Basic Grant Program. Funds will be released to

institutions based on February Progress Reports. The February Progress Reports are being reviewed using the following criteria:

1. Progress report adjustments are being limited to the amount required for the second payments to present recipients and the payments for Student Eligibility Reports on hand.
2. The amount for the projected number of recipients expected to qualify, for which an institution does not yet have SERs on hand, has been temporarily excluded. These additional funds may be requested on Ad Hoc Progress Reports at the time these SERs have been submitted to the institution.

We assure you that all institutions will receive all of the funds required to pay eligible students. Every effort will be made for a fast turnaround on your Ad Hoc request.

Your cooperation is appreciated during this critical time. If you have any questions, please contact your Basic Grant area representative at (202) 245-1271.

## **SER Submission Deadline Extended For Some Cuban/Haitian Entrants**

Since financial aid administrators were not notified until January that Cuban and Haitian entrants with the appropriate endorsement were eligible non-citizens for the 1980-81 award period, regardless of their date of entry, an exception will be made to the normal SER submission requirements. If an eligible Cuban or Haitian entrant submits a valid SER to an institution by May 31, 1981, the student may receive a Basic Grant for those payment periods for which he or she was enrolled and eligible for payment during the 1980-81 award period. The student does not have to be enrolled at the time the SER is submitted.

This exception only applies to those students who have the following endorsement:

Cuban/Haitian Entrant (Status Pending)  
Reviewable January 15, 1981  
Employment Authorized until  
January 15, 1981.

## **Changes to Validation Procedures for 1981-82**

The following are changes in procedures for Basic Grant applicants selected for validation in 1981-82.

**Validation Form.** The form is written in the same "common sense" language as the application form. We have also provided a signature block for financial aid administrators to use at their option. The Validation Form will be ready for distribution in April.

**Signed Tax Return.** In 1981-82 we will again require the appropriate signatures on the tax returns. In 1980, we started out requiring the signature, but later dropped the requirement because the signature was not requested on the Validation Form. For 1981, a signed tax return is requested on the Validation Form.

**Dependent Student's Tax Return.** Because a dependent student's expected 1981 income may be used in lieu of his/her 1980 income when calculating the Eligibility Index, we are no longer requiring the applicant's tax return. This item should now be treated as one of the optional validation items.

**Aid to Families with Dependent Children (AFDC/ADC).** AFDC/ADC is now listed as a separate non-taxable income item, like Social Security. However, validation for this item is the same as it is for any other non-taxable income listed in number 5 of the Validation Form.

**Low Total Income.** For 1981 we will require applicants to explain how they lived on less than \$300 per family member, instead of \$400.

**Did Not File 1040 Form.** In past years, we have allowed applicants and their parents who did not file a tax return to use Federal tax withheld as taxes paid on their SER. In 1981-82, this is no longer the case. If the applicant or parent did not file a tax return and does not plan to file a tax return, then the Federal taxes paid is zero.

**Monetary Gifts and Contributions.** In past years, any money provided by an immediate family member was excluded from income. In 1981-82, all monetary gifts and contributions to a dependent applicant's parent(s), except those provided by the applicant, must be reported as other non-taxable income.

**Updating.** In 1980-81, all applicants were required to update Household Size and Number in College if it changed during the academic year. Because this constant changing caused many problems, we decided that for 1981-82, applicants will be allowed to change Household Size and Number in College only if the estimate was incorrect at the time of application.

Because Special Condition Forms and Corrections Applications are considered new applications, an applicant who qualifies to file one of these forms will have to "update" Household Size and Number in College.

**Updating of Marital Status.** In 1980-81, an independent student or dependent student's parents who married after filing an application had to update his/her application. In 1981-82, since Household Size may not be updated when an applicant or parent marries after application, neither Marital Status nor Household Size may be changed.

**Medical and Dental.** When an applicant uses cancelled checks or itemized statements to verify this item, (s)he must also provide a statement signed by him/her and parent(s) (if dependent) stating that none of the expenses were paid by insurance.

**Tolerances.** This year the tolerances will be issued at a later date as a supplement to the Handbook. This additional information will be mailed to institutions.

These changes will be detailed in the 1981-82 *Validation Procedures Handbook* which is scheduled to be distributed in April.

## 90-Day Late Corrections Reminder

Institutions that will have students who are unable to complete validation before the May 5, 1981 correction deadline date, are reminded to submit a late corrections package for each student as described on page 40 of the *1980-81 Validation Procedures Handbook*. All late corrections packages must be received at least 8 weeks prior to the end of the student's 90-day period. For students whose 90-day period ends September 30, late corrections packages must be received in the Student Validation Branch by August 8, 1981 which is the final date for receipt of information.

Remember, before a student can be eligible for the 90-day late correction period (s)he must have met all of the following criteria:

- Submitted an SER with an Eligibility Index number to the school while enrolled by the end of the 1980-81 award period.
- Selected for validation either by the Department of Education or the institution before the end of the academic year.
- Eligible to receive a Basic Grant.

Any package received after the deadline dates will be considered as too late and returned to the school. No exceptions will be made. To avoid delays, please contact any students who may fall into this category and encourage them to submit the required information to the financial aid office as soon as possible.



Any questions about the late corrections process should be directed to Sharon Johnson at (202) 245-9423.

## Do You Have Suggestions For Improving the Pell (Basic) Grant Application For 1982-83

Many of the comments we received last year from the financial aid community were taken into account as we developed the 1981-82 Basic Grant Application Common Form.

Office of Student Financial Assistance (OSFA) staff have started developing the common Federal Aid Application Form for the 1982-83 academic year and we would again like to hear from you.

The form for 1982-83, for the first time, must also provide information for determining the financial need of any student who will be considered for and awarded any assistance from the campus-based programs as well as the Pell (Basic) Grant Program.

Please send any comments or suggestions you have for forms improvement to us as soon as possible. Address your comments to:

Basic Grants  
P.O. Box 23715  
L'Enfant Plaza  
Washington, D.C. 20024  
Attention: Bob Tuccillo

## DOD Implements An Educational Assistance Test Program

We have been asked by the Department of Defense (DOD) to provide the following information to financial aid administrators about the Educational Assistance Test Program.

The FY 1981 Department of Defense (DOD) Authorization Act (P.L. 96-342), authorizes DOD to implement an educational assistance test program. Only persons enlisting or reenlisting in the Armed Forces after October 1, 1980, and before October 1, 1981 are eligible for this program. To receive any of the new test programs, an enlistee must have a high school diploma, score 50 percent or higher on the enlistment qualification test, and enter one of a specified set of critical occupational skills.

The following description outlines the characteristics of each test program.

### Section 901—Noncontributory Educational Assistance:

\*Member electing this program is not entitled to participate in the basic Veterans' Educational Assistance Program (VEAP).

\*Member is entitled to one standard academic year for each year of enlistment completed up to a maximum of 4 years.

\*Member is entitled to educational assistance not to exceed \$1,200 for a standard academic year. This amount will be changed to keep pace with the average actual cost of attendance at public postsecondary institutions over the last 12 months.

\*Member is entitled to a monthly subsistence allowance of \$300 per month, or one-half of such amount if member pursues an educational program less than full-time, for a period of nine months for each standard academic year. This amount will be adjusted in the same manner as in the above paragraph.

\*Upon reenlistment, if the member chooses not to use this educational benefit, (s)he may choose from either one of the two following options:

a. To receive a lump sum payment equal to 60 percent of the dollar value of the above educational entitlement. This election is irrevocable.

Or

b. To transfer all or any part of the above educational entitlement to a spouse or a dependent child. This election can only be used by one person at a time.

*Example:* If the benefit is transferred to a child, the member cannot use the benefit at that time.

\*Member's entitlement to this benefit will end 10 years after discharge or release from active duty.

\*Member may not use any of this educational entitlement until (s)he has completed a minimum of two years of active service.

### Section 902—Loan Repayment

\*Member can use this program in conjunction with Section 901 or 903. In other words, a member can participate in this program as well as in one of the other programs.

\*The Government will repay a designated portion of any loan made, insured, or guaranteed under title IV, Part B of the Higher Education Act of 1965 (Guaranteed Student Loans) or any loan made under title IV, Part E of such Act (National Direct Student Loans), after October 1, 1975, when specified conditions are met.

\*Any other loan(s) made or incurred by the member, other than mentioned above, will not be repaid by the Government.

\*As an enlisted member on active duty in the Armed Forces, the portion or amount of a loan that may be repaid is 33-1/3 percent or \$1,500, whichever is greater, for each year of service.

\*As an enlisted member of the Selected Reserve of the Ready Reserve of the Armed Forces, the portion or amount of a loan that may be repaid is 15 percent, or \$500, whichever is greater, for each year of service.

\*The member is not entitled to receive this benefit until (s)he has completed one year of service.

\*Repayment of a loan by the Government will be made after the member completes each year of service beginning with this enlistment or reenlistment. Such service must be performed after the loan was made.

#### **Section 903—Noncontributory VEAP (Post Vietnam Era Veterans' Educational Assistance Program)**

\*Member electing this program is not entitled to participate in the basic VEAP program.

\*DOD will pay \$75 a month into a member's account with the Veterans Administration (VA). At the end of a two year enlistment, this amount will add up to \$1,800. At the end of an enlistment of three years or longer, the amount will total \$2,700.

\*The VA will provide matching funds of \$2 for each \$1 that DOD contributes. For a two year enlistment, the total amount of the member's entitlement will be \$5,400; for an enlistment period of three or more years the amount will be \$8,100.

\*Member is not entitled to receive benefits until (s)he has completed his or her first term of service.

Further information about these programs may be obtained from:

Sandra Robinson  
The Pentagon  
Room 3B930  
Washington, D.C. 20301

## **New Basic Grant P.O. Box Numbers for 1981-82**

The following post office box numbers should be used when 1981-82 Pell (Basic) Grant applicants have questions about, or corrections to, their Pell (Basic) Grant forms:

**Basic Grants**  
**P.O. Box ( )**  
**Los Angeles, California 90009**

<b>History Corrections</b>	<b>92880</b>
<b>Orders—Secondary Distribution</b>	<b>92885</b>
<b>ADS</b>	<b>92783</b>
<b>Application</b>	<b>92781</b>
<b>Special Condition Forms</b>	<b>92869</b>
<b>Disaster Form</b>	<b>92782</b>
<b>Duplicates and Address Changes</b>	<b>92889</b>
<b>Haven't Heard</b>	<b>92864</b>

## **Basic Grant Closing Dates Published**

The closing date notice for applications/supplemental forms, correction applications, correction/verification SERs, and requests for duplicate SERs is listed below in chronological order by type of form and the address for submission.

### **I. Closing Dates for Transmitting Applications Under Normal Circumstances**

<b>Closing Dates</b>	<b>Type of Form</b>	<b>Address for Submission</b>
A. Submitted by March 16, 1981; received by March 26, 1981	Basic Grant Application Form	BEOG P.O. Box B Iowa City, Iowa 52240
	Basic Grant Supplemental Form	BEOG P.O. Box E Iowa City, Iowa 52240
	Family Financial Statement	American College Testing Student Need Analysis Service 2201 North Dodge St. Iowa City, Iowa 52243
	Financial Aid Form	College Scholarship Service Box 2700 Princeton, NJ 08541 or College Scholarship Service Box 380 Berkeley, CA 94701

Pennsylvania Higher Education Assistance Agency Student Aid Application for California	PHEAA/BEOG Ap- plication P.O.Box 3157 Harrisburg, PA 17105 College Scholarship Service Box 70 Berkeley, CA 94701
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These forms are used to calculate an eligibility index.

#### Applicants Recomputation Requests

B. Submitted by May 5, 1981; re- ceived by May 15, 1981	Request for recomputation of an eligibility index because of clerical or arithmetic errors, or because of extraordinary circumstances as described in sections 690.39 and 690.40 of the Pell Grant program regulations	BEOG, P.O. Box O Iowa City, Iowa 52243
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#### Corrections to Previously submitted data

These forms are used to make corrections in information reported on the Student Eligibility Report.

#### II. Closing Dates for Transmittal of Applications Under Special Circumstances

Closing Dates	Type of Form	Address for Submission
A. Submitted by May 5, 1981; re- ceived by May 15, 1981	Basic Grant correction appli- cation (this form is described below in paragraph 1).	BEOG P.O. Box O Iowa City, Iowa 52243
B. Submitted by June 5, 1981; re- ceived by June 15, 1981	Request for a duplicate SER (a student must sub- mit a written request for a duplicate SER).	BEOG P.O. Box W Iowa City, Iowa 52243
	Verification of correct information (this procedure is described below in paragraph 2).	BEOG P.O. Box O Iowa City, Iowa 52243
C. Submitted by July 31, 1981; re- ceived by August 10, 1981	Additional and/or corrected requests for payment—ADS	BEOG P.O. Box F Iowa City, Iowa 52243

1. A Basic Grant Correction Application is sent to applicants when:

(a) The applicant does not complete required sections of the original application.

(b) The applicant changes his or her status from dependent student to independent student or vice versa on the SER.

(c) The applicant indicates that information in Section B of the original application was incorrectly reported. (The student may notify the application processor by telephone or in writing.)

2. This closing date applies to an applicant whose Student Eligibility Report is returned for verification even though it apparently is accurate and complete. These verification request occur because of edit checks built into the processing system which are triggered by applicants reporting unusual information such as zero or very low income.

## Basic Grant "Dial-Award" Calculator Distributed

The Office of Student Financial Assistance (OSFA) recently distributed the 1980-81 award year wheel-type calculators to institutions participating in the Basic Grant Program. The calculator should simplify the process of determining Basic Grant Awards and reduce the chances of mistakes being made.

The calculators have been distributed as kind of a pilot project. We would like financial aid administrators to use the "Dial-Award" calculators, evaluate them, and send us their reactions.

As soon as the new payment and disbursement schedules are final, we plan to produce and distribute an insert for the calculators. The insert will have the 1981-82 awards on them and financial aid administrators will be able to use the calculators throughout the 1981-82 award period.

Please forward any comments you have on the "Dial-Award" calculator to:

Office of Student Financial Assistance  
Division of Training & Dissemination  
400 Maryland Avenue, S.W.  
ROB-3, 4661  
Washington, D.C. 20202  
Attention: Bill Ryan

Term schools should note a misprint on the "wheel" portion of the 3/4-time (pink) Dial-Award. The wheel is labeled, in large type, "3/4-Time Payment Calculator." Beneath the heading, the instructions say "Use this BEOG Dial-Award to determine 1980-81 Scheduled Basic Grants for 3/4-time students (for full-time students, use the blue



Dial-Award. For 3/4-time students, use the green Dial-Award)." The last sentence should read, "For 1/2-time students, use the green Dial-Award.

## 1981-82 Campus-Based Tentative Funding Notice Sent

On March 11, tentative 1981-82 funding notifications were mailed to 4,400 institutions participating in the campus-based programs. More than \$1 billion is available in the Fiscal Year 1981 Continuing Resolution to fund these programs for 1981-82. There is a \$100 million drop this year in National Direct Student Loan (NDSL) funds, from \$286 to \$186 million. Funds remained level for the Supplemental Educational Opportunity Grant (SEOG) and College Work-Study (CW-S) programs at \$370 and \$550 million, respectively.

Institutions were allowed to appeal these tentative funding levels to the National Appeal Panel that met during the week of March 29. The Panel consisted of 36 financial aid administrators from selected colleges and universities and 19 Office of Student Financial Assistance central and regional office employees.

Final 1981-82 funding levels will be released to institutions in May.

## GSLP Special Allowance Rates for Quarter Ending March 31, 1981

The average of the bond equivalent rates of the ninety-one-day Treasury bills for the quarter ending March 31, 1981 is 15.03 percent. Using the statutory formula, as amended by the Education Amendments of 1980, this results in a special allowance at the annual rate of 11-5/8 percent for loans with an applicable annual interest rate of 7 percent, and a special allowance rate of 9-5/8 percent for loans with applicable annual interest rate of 9 percent.

The GSLP special allowance rates for this three-month period were computed by determining the average of the bond equivalent rates of the ninety-one-day Treasury bills for this period (15.03 percent), by subtracting 3.5 percent from this average for 7 percent loans (11.53), or by subtracting 5.5 percent from this average for 9 percent loans (9.53), by rounding the resultants upward to the nearest one-eighth of 1 percent (11-5/8 percent and 9-5/8 percent, respectively), and by dividing the resultant

percents by four (2.90625 and 2.40625 percent). Thus, the special allowance to be paid for this period will be 2.90625 percent for loans with an applicable annual interest rate of 7 percent, and 2.40625 percent for loans with an applicable annual interest rate of 9 percent, computed on the average unpaid balance of principal (not including unearned interest added to principal) of all eligible loans held by lenders.

## Regulations Status

The Office of Student Financial Assistance (OSFA) regulations were among those affected by the 60-day freeze on regulations imposed by the Reagan Administration. During this period, regulations were reviewed to ascertain whether they are in line with the Administration's budget reform plan.

As a result of this review, OSFA has prepared two regulation revisions:

### Pell (Basic) Grants

1. The family size offsets in the 1981-82 Pell (Basic) Grant Family Contribution Schedules, published as final regulations on January 19, have been reduced to the level of the offsets used in the formula for 1980-81. Normally, these offsets are increased annually by the Consumer Price Index to reflect inflation in basic living costs. The offsets revision was published in the FEDERAL REGISTER on March 13.

2. The regulations governing Cost of Attendance for the Pell (Basic) Grant Program, published on January 21, have been revised to limit somewhat the institution's discretion in determining several of the cost components. This revision is currently in the clearance process.

### Campus-Based

The Due Diligence, Assignment, Referral NPRM has been redrafted and sent to the regional offices for comment. A publication date has not been established.

## GSL Loan Volume Report Prepared for Congress

The Office of Student Financial Assistance is preparing the annual Guaranteed Student Loan (GSL) Program report on loan volume and defaults, mandated by the Education Amendments of 1976.



Loan volume and default payments must be reported by type of lender, for each state and nationally, for the FISL, guarantee agency programs, and total GSL Program. The following categories of lenders are to be used:

1. Commercial (banks, savings and loan associations, or credit unions)
2. Schools
3. Direct State
4. All other institutions or agencies.

The report will also compare FY 80 loan volume and default payments with FY 79 loan volume and default payments. Preliminary findings show that FY 80 GSL Program loan volume increased 62 percent or \$1.856 billion over FY 79. The share of loan volume by lender type for each fiscal year was the same.

GSL Program default payments for both FY 80 and FY 79 were about equal. FY 80 default payments by lender type were generally in line with the proportion of loan volume. However, in FY 79 default payments of school lenders was slightly disproportionate of loan volume.

The annual report is scheduled to be released in mid-May.

## NDSL School List Becomes Automated

It will now be easier for state departments of education to develop their annual lists of low-income schools whose teachers can qualify for National Direct Student Loan (NDSL) Program cancellation benefits.

Beginning with the 1981-82 academic year, state departments of education will be able to list their eligible schools on data entry worksheets (direct key-punch forms) that will be sent back to the Office of Student Financial Assistance (OSFA) and placed into a computer. When schools need to be added to or deleted from the list, state education departments can make these changes without redoing the entire list each year. Because the new process is easier and faster, the annual list of eligible schools published in the FEDERAL REGISTER will appear earlier in the academic year.

A supply of worksheets and instructions has been sent to each state department of education designee. The deadline for the states to complete their lists has been extended from March 31 to April 20 because of the new procedures. This extension should not affect the planned June publication of the eligible school list in the FEDERAL REGISTER.

## Pamphlet for Non-traditional Students Available

The Office of Student Financial Assistance's (OSFA's) Division of Training and Dissemination has prepared a new publication to respond to the needs of older students who wish to return to school. "Federal Financial Aid for Men and Women Resuming Their Education or Training" is a 16-page pamphlet that gives general information on OSFA programs and answers some of the specific questions older students have about their eligibility for Federal financial aid. The pamphlet also includes all the state scholarship agency addresses for the State Student Incentive Grant Program.

Institutions may order up to 5 copies from:

Resuming Education  
Office of Student Financial Assistance  
U.S. Department of Education  
400 Maryland Ave., S.W. ROB-3, Rm. 4661  
Washington, D.C. 20202

## Corrections

Listed below are several typographical errors in the printing of the Pell (Basic) Grant Program's Administrative and Technical regulations published December 30, 1980 in the FEDERAL REGISTER.

1. §690.73(e)—". . . Secretary will pay *and* institution's students. . . ." should be ". . . Secretary will pay *an* institution's students. . . ."
2. §690.75(g)(1)—". . . or a *guaranteed* agency . . . ." should be ". . . or a *guarantee* agency. . . ."
3. §690.78(d)(2) and (3) are reversed in order.
4. §690.80(b)(1)—". . . if *successful*. . . ." should be ". . . if *unsuccessful*. . . ."
5. §690.92(b)(2)—requires institution's to ". . . ." maintain and keep records as specified in 690.96."
6. §690.96—"Appendix A to Part 960" should be "Appendix A to Part 690."

## Corrections to SFA Handbook Supplement

The recently-distributed supplement to Chapter 4 (Basic Grants) of the *Student Financial Aid Handbook* contains an error in case study 2 on page 10. The tuition charge should be \$850, not \$580.

Also, on the worksheet for case 3, line 3 should be 544, not 1138. Line 4 should be blank, and line 5 should be 272, not 285.

## Summer Employment in CW-S Program

During a special session (e.g., summer school) or during a full-time work period of a cooperative education program, a student is eligible for employment under the College Work-Study (CW-S) Program if he or she meets all eligibility criteria and was enrolled at least half-time at the institution from which the Federal share of wages are paid during the preceding term and if he or she will complete the course of study during the special session; or if the student has been accepted at least half-time for the subsequent term.

Institutions participating in the CW-S Program can perform a valuable service to students having financial need by helping them set up summer CW-S employment "back home." There are a number of agencies which assist schools both in locating appropriate CW-S jobs and in setting up the off-campus CW-S agreement between the employer and the school. It is ED policy not to endorse organizations for this purpose, however, a partial listing of such agencies appears below:

Atlanta Urban Corps  
Dennis Doherty, Director  
Georgia State University  
University Plaza  
Atlanta, Georgia 30303  
(404) 658-3558

Baltimore Urban Corps  
Carlton Hamilton, Director  
Mayor's Office of Manpower Res.  
701 St. Paul Street-Suite 105  
Baltimore, Maryland 21202

Battle Creek Urban Corps  
James E. Yore, Jr., Director  
Human Relations Commission  
City Hall, Room 110  
Battle Creek, Michigan 49014

Cincinnati Urban Corps  
Sharron Brown, Director  
2147 Central Avenue  
Cincinnati, Ohio 45214  
(513) 381-3425 or 381-3441

Compton Urban Corps  
Betty Williams, Director  
205 South Willowbrook

Compton, California 90220  
(213) 537-8000 ext. 318

Dade County Urban Corps  
Essie Dee Silva, Director  
395 Northwest First St., #102  
Miami, Florida 33128  
(213) 579-5623

Dayton Urban Corps  
Rosie Lynch, Director  
40 South Main St.-Suite 201  
Dayton, Ohio 45202  
(513) 225-5122

Detroit Urban Corps  
Spaniel Bennett, Director  
City-County Bldg., Room 388  
Detroit, Michigan 48226  
(313) 224-3410

Grand Rapids Urban Corps  
Richard F. Keunzel, Coordinator  
121 Franklin, S.E.  
Sheldon Complex Lower Level  
Grand Rapids, Michigan 49507

Memphis Urban Corps  
Thomas B. Dillingham, Manager  
Depart. of Youth Services  
126 North Main St., Room 505  
Memphis, Tennessee 38103

New Orleans Service-Learning Prog.  
Stan Grantham, Executive Director  
7102 Freret Street  
New Orleans, Louisiana 70118

New York City Urban Corps  
Maria D. Paola, Director  
32 Worth Street  
New York, New York 10007  
(212) 566-3952

San Antonio Urban Corps  
Leroy Harvey, Project Director  
Public Service Careers  
P.O. Box 9066  
San Antonio, Texas 78285

Syracuse-Onandago County  
Urban Corps  
Frank T. Wood, Director  
421 Montgomery St.-13th Floor  
Syracuse, New York 13202

T-C Urban Corps  
Roger Tomlinson, Director  
2025 Clark Road  
Ypsilanti, Michigan 48197

Twin Cities Urban Corps  
Ron Guilfole, Director  
325 M City Hall  
Minneapolis, Minnesota 55415

Washington D.C. Urban Corps  
Jessie Anderson, Director  
Room 900 B  
605 "G" Street, N.W.  
Washington, D.C. 20001

## Regional Administrator for Region VI Selected

Mr. W. Carl Hammack has been selected for the position of Regional Administrator, Office of Student Financial Assistance, Region VI. The appointment was effective on April 5, 1981.

## Frequent Inquiries

The Central Office list of contact points, by subject, for specific kinds of frequent inquiries has been revised in case you should need to call. However, because the regional offices should be able to assist you with any inquiries you might have concerning Office of Student Financial Assistance (OSFA) programs, their addresses and telephone numbers are listed first.

OSFA continues to operate a Student Information Center with a toll-free number for students or their parents to make general inquiries about OSFA programs. **The Student Information Center's toll-free number is 800-638-6700 (Maryland residents should call 800-492-6602).**

OSFA also operates an Information Section for financial aid administrators who have general questions about the Federal aid programs. Financial aid administrators who need general information, forms, or applications may call the **Information Section 202-472-5080.**

A key to the acronyms used in the listing is located on page 8.

### Regional Administrators, Student Financial Assistance

#### Region I

Mr. William T. Logan  
Regional Administrator  
Student Financial Assistance  
Department of Education

Bulfinch Buildings, 7th Floor  
15 New Chardon Street  
Boston, Massachusetts  
TEL: 617-223-7205  
FTS: 8-223-7205

#### Region II

Mr. Josue Diaz  
Regional Administrator  
Student Financial Assistance  
Department of Education  
26 Federal Plaza  
New York, New York 10007  
TEL: 212-264-4045  
FTS: 8-264-4045

#### Region III

Mr. Robert Smallwood  
Regional Administrator  
Student Financial Assistance  
Department of Education  
Post Office Box 13716  
3535 Market Street  
Philadelphia, Pennsylvania 19101  
TEL: 215-596-1018  
FTS: 8-596-1018

#### Region IV

Dr. Carmen L. Battaglia  
Regional Administrator  
Student Financial Assistance  
Department of Education  
101 Marietta Tower—Third Floor  
Atlanta, Georgia 30323  
TEL: 404-242-5008, 5009  
FTS: 8-242-5008, 5009

#### Region V

Mr. Gene Graham (Acting)  
Regional Administrator  
Student Financial Assistance  
Department of Education  
300 South Wacker Drive  
Chicago, Illinois 60606  
TEL: 312-353-8102  
FTS: 8-353-8102

#### Region VI

Mr. Carl Hammack  
Regional Administrator  
Student Financial Assistance  
Department of Education  
1200 Main Tower Building  
Dallas, Texas 75202  
TEL: 214-767-4359  
FTS: 8-729-4359

#### Region VII

Mr. J. William Keifer, Jr.  
Regional Administrator

Student Financial Assistance  
Department of Education  
324 East 11th Street—19th Floor  
Kansas City, Missouri 64106  
TEL: 816-374-5875  
FTS: 8-758-5875

#### *Region VIII*

Dr. Arthur Lee Hardwick  
Regional Administrator  
Student Financial Assistance  
Department of Education  
11037 Federal Office Building  
19th and Stout Streets  
Denver, Colorado 80294  
TEL: 303-837-4128  
FTS: 8-327-4128

#### *Region IX*

Mr. Charles F. Hampton  
Regional Administrator  
Student Financial Assistance  
Department of Education  
50 United Nations Plaza  
San Francisco, California 34102  
TEL: 415-556-8382  
FTS: 8-556-8382

#### *Region X*

Mr. W. Phillips Rockefeller  
Regional Administrator  
Student Financial Assistance  
Department of Education  
1321 Second Avenue—M.S. 1508  
Seattle, Washington 98101  
Tel: 206-442-0434  
FTS: 8-399-0434

## **ABC**

### **Allegations of Fraud**

ED Inspector General  
**TELEPHONE: (202) 755-2770**

### **Alternate Disbursement System (ADS)**

- Collections (refunds)
- Forms
- General Information
- Institutional Participation
- Manual Payments
- Payments
- Student Change of Address

DPO/Alternate Disbursement System Section  
**TELEPHONE: (202) 472-2685**

### **Approval of Need Analysis Systems**

Campus Based Programs  
DPDD/Policy Section  
**TELEPHONE: (202) 245-9720**

### **Audit Resolution**

DCPR/ARB  
**TELEPHONE: (202) 245-1750**  
Regions I-IV, VI, IX)  
**TELEPHONE: (202) 245-1835**  
(Regions V, VII, VIII, X)

### **Basic Grant Application Status**

- Complex problems—800-553-6350  
(1980-81 only)
- Complex problems—800-423-6932  
(California only)—800-352-8671  
(1981-82)

### **Basic Educational Opportunity Grant (BEOG)**

- Interpretation of Statutes
- Regulations and Policies

DPPD/Policy Section  
**TELEPHONE: (202) 472-4300**

### **Basic Grant**

- Application Processing System (ACT)
- Contracts
- Procedures

DPO/BGB/Systems Support Section  
**TELEPHONE: (202) 472-2689**

### **Basic Grants**

- Funding Control

DPO/BGB/Fund Control Unit  
**TELEPHONE: (202) 447-9025**

### **Basic Grant**

- Institutional Funding Levels Requests
- Institutional Progress Reports (State Area Desk Representatives)
- Institutional Validation Roster Closeouts

DPO/Fund Control and Disbursement Section  
**TELEPHONE: (202) 245-1271**

### **Basic Grant**

- Application Roster Tapes (monthly roster)
- Program Data

DPPD/Analysis Section  
**TELEPHONE: (202) 472-4300**

### **Basic Grant**

- Tape Exchange  
(SER & SVR)

DPO/BGB/Systems Support Section  
**TELEPHONE: (202) 447-9001**

### **Buckley Amendment**

DPPD/John Lank  
**TELEPHONE: (202) 245-2475**

### **Call Report**

DPO/GSLB  
**TELEPHONE: (202) 447-9305**



## **Campus-Based Programs**

- 1981-82 Student Financial Aid Application and Processing (FISAP)

DPO/CSGB

**TELEPHONE: (202) 245-2432**

## **Campus-Based Programs**

- Student Financial Aid Awards for 1979-80 and 1980-81

DPO/CSGB/FMS

**TELEPHONE: (202) 245-2432**

## **Claims for NDSL Disability Cancellation**

DPO/CSGB/SCS

**TELEPHONE: (202) 245-9727**

## **College Work-Study Program**

- Interpretation of Statutes
- Regulations and Policies

DPPD/Policy Section

**TELEPHONE: (202) 245-9720**

## **College Work-Study**

- Waivers of matching funds

DPO/CSGB/SCS

**TELEPHONE: (202) 245-2991**

## **Consumer Information**

- Full-time Employee Waiver
- Regulations

DCPR/ILCB

**TELEPHONE: (202) 245-1744**

## **Cuban Student Loans**

Assistant Regional Administrator

Claims and Collections

Dallas, Texas

**TELEPHONE: (214) 767-3755**

## **DEFG**

### **DFAFS Reports on Basic Grant Funds**

DPO/Fund Control and Disbursement Section

**TELEPHONE: (202) 245-1271**

### **DFAFS Reports on CW-S, NDSL, and SEOG Funds**

DPO/Fund Control and Disbursement Section

**TELEPHONE: (202) 245-2432**

## **Emergency Actions**

DCPR/PCB

**TELEPHONE: (202) 245-9880**

## **Equal Credit Opportunity Act**

DPPD/John Lank

**TELEPHONE: (202) 245-2475**

## **Fair Credit Reporting Act**

DPPD/John Lank

**TELEPHONE: (202) 245-2475**

## **Fair Debt Collection Practices Act**

DPPD/John Lank

**TELEPHONE: (202) 245-2475**

## **Federal Insured Student Loan**

- Application Processing

DPO/GSLB

**TELEPHONE: (202) 472-6537**

## **Federal Insured Student Loan**

- Student Loan Application

Processing Center (Norfolk)

**TELEPHONE: (804) 441-3230**

## **Federal Insured Student Loan**

- Collections

DPO/GSLB

**TELEPHONE: (202) 755-1467**

## **Federal Insured Student Loan**

- Insurance Section

- Lender's Manifest

DPO/GSLB

**TELEPHONE: (202) 447-9308**

## **Federal Insured Student Loan**

- Pre-claims Assistance

DPO/GSLB

**TELEPHONE: (202) 447-9006**

## **Fiscal Operations Report**

- Campus-Based Programs

DPO/CSGB/Financial Management Section

**TELEPHONE: (202) 245-2432**

## **Freedom of Information Act**

DPPD/John Lank

**TELEPHONE: (202) 245-2475**

## **Guaranteed Student Loan**

- Data

DPPD/GSLB/Analysis Section

**TELEPHONE: (202) 245-2475**

## **Guaranteed Agency Programs**

- State and Private

DPPD/SPB

**TELEPHONE: (202) 472-9533**

## **Guaranteed Student Loan Program**

- Interpretation of Statutes

- Regulations and Policy

DPPD/GSLB/Policy Section

**TELEPHONE: (202) 245-2475**

## **HIJKL**

### **Handbooks, Guides**

- Student Financial aid information (all programs)

DTD/Information Section

**TELEPHONE: (202) 472-5080**

**Health Education Assistance Loan (HEAL)**

DPPD/HGSLB

**TELEPHONE: (202) 245-2201****Institutional Participation**

—Title IV student aid programs

DCPR/ILCB/Coordination Section

**TELEPHONE: (202) 245-8576****Lender Eligibility**

DCPR/ILCB

**TELEPHONE: (202) 245-1744****Lender Interest Billing**

—Special Allowance

DPO/GSLB

**TELEPHONE: (202) 447-9305****Limitation Actions and Agreements**

DCPR/PCB

**TELEPHONE: (202) 245-9880****Loan Transaction Statement**

DPO/GSLB

**TELEPHONE: (202) 447-9308****Lost/Stolen ADS Check**

DPO/Alternate Disbursement Section

**TELEPHONE: (202) 472-2685****Major Legislative**

Budgetary Proposals

DPPD/Director's Office

**TELEPHONE: (202) 245-2247****Multiple Data Entry (MDE)**

—1980-81 Contracts Processing

DPO/BGB/Systems Section

**TELEPHONE: 472-2689****Multiple Data Entry**

—1981-82 Development

DPPD/Policy Section

**TELEPHONE: (202) 472-4300****National Direct Student Loan (NDSL)**

—Interpretation of Statutes

—Regulations and Policy

DPPD/CBB/Policy Section

**TELEPHONE: (202) 245-9720****NDSL**

—Assignment/Referral of Defaulted Notes to ED

—Claims for Disability Cancellation

—Section 207 Loan Payments

—Low Income School listing for teaching service cancellations

DPO/CSGB/Services and Collections Section

**TELEPHONE: (202) 245-9727****NDSL**

—Closed School Loan Collections

—Defaulted Loan Collections

—Reports on Referred Loans

—Regional Collection Policy and Procedures

DPO/Collections Branch

**TELEPHONE: (202) 755-1467****NDSL**

—Default Rates

—Reports on NDSL Defaulted Loans

—Default Reduction Effort

—DFAFS Adjustment in Awards

—Fund Liquidation

—Teacher/Military Service Cancellation Payments

DPO/CSGB/Financial Management Section

**TELEPHONE: (202) 245-2432****OSFA Program Data**

DQA

**TELEPHONE: (202) 245-1747****Pell Grants**

—See applicable numbers for Basic Grants

**Privacy Act**

DPPD/John Lank

**TELEPHONE: (202) 245-2475****Privacy Rights**

—Parents and Students

DPPD/John Lank

**TELEPHONE: (202) 245-2475****QRST****Re-allocation**

—Surplus Funds NDSL, CW-S, and SEOG funds

DPO/CSGB/Financial Management Section

**TELEPHONE: (202) 245-2432****Regulation B, ECOA**

DPPD/John Lank

**TELEPHONE: (202) 245-2475****Regulation Z (TIL)**

DPPD/John Lank

**TELEPHONE: (202) 245-2475****Standards**

—Administrative Capability

—Fiscal Responsibility

DPPD/Policy Section

**TELEPHONE: (202) 472-4300****State and Non-Profit Guarantee Agency**

—Reinsurance

DPO/GSLB

**TELEPHONE: (202) 447-9006**

## State and Non-Profit Guarantee Agency

—Report of GSL  
DPO/GSLB  
**TELEPHONE: (202) 447-9308**

## State Student Incentive Grants

—All information on SSIG program Except Training Component  
DPPD/SPB  
**TELEPHONE: (202) 472-4265**

## Student Confirmation Reports

DPO/GSLB  
**TELEPHONE: (202) 447-9316**

## Student Consumer Information

—Regulations  
DPPD/Policy Section  
**TELEPHONE: (202) 472-4300**

## Student Validation

—ADS Student Validation  
—Collection Referrals  
—Institutional Referrals  
DCPR/SVB/CPS  
**TELEPHONE: (202) 245-2724**

## Student Validation

—General validation questions  
—Referrals of Student program abuse  
—Validation Handbook and Form  
DCPR/SVB/Validation and Development Section  
**TELEPHONE: (202) 472-6200**

## Supplemental Educational Opportunity Grant

—Interpretation of Statutes  
—Regulations and Policies  
DPPD/CBB/Policy Section  
**TELEPHONE: (202) 245-9720**

## Suspension Actions

DCPR/PCB  
**TELEPHONE: (202) 245-9880**

## Termination Actions

DCPR/PCB  
**TELEPHONE: (202) 245-9880**

## Terms of Agreement

DCPR/ILCB  
**TELEPHONE: (202) 245-1744**

## Truth-In-Lending

DPPD/John Lank  
**TELEPHONE: (202) 245-2475**

## UVWXYZ

## Vendor File

DPO/GSLB  
**TELEPHONE: (202) 447-9316**

## Waiver

—Consumer information full-time employee requirement  
DCPR/ILCB/Coordination Section  
**TELEPHONE: (202) 245-8576**

## Waivers

—Maintenance of Effort—CW-S and SEOG  
—Matching Funds in CW-S  
DPO/CSGB/SCS  
**TELEPHONE: (202) 245-2991**

## KEY:

### Division

DPPD— Division of Policy and Program Development  
DCPR— Division of Certification and Program Review  
DSDD— Division of Systems Design and Development  
DTD— Division of Training and Dissemination  
DQA— Division of Quality Assurance  
DPO— Division of Program Operations

### Branch

BGB— Basic Grant Branch  
CB— Collections Branch  
CBB— Campus Based Branch  
CSGB— Campus and State Grant Branch  
GSLB— Guaranteed Student Loan Branch  
ILCB— Institution and Lender Certification Branch  
SVB— Student Validation Branch  
ARB— Audit Review Branch  
PCB— Participation Control Branch  
TSB— Tracking and Support Branch  
SPB— State Programs Branch

## Addendum to NDSL Promissory Note

The following paragraph should be inserted after the Deferment section of the Promissory Note which appears in Appendix B of the January 19, 1980, FEDERAL REGISTER:

- (E) Interest will not accrue and no repayment of principal or interest will be required until 6 months after the completion of any deferment period described in paragraphs III(3)(A), III(3)(C) of this section. At that time interest will begin to accrue and repayments will be required.

The submission period for assigning loans, which heretofore has been July 1 of a particular calendar year through June 30, of the next calendar year, will be restricted to a period not to exceed January 1 to June 30 of the same calendar year (a six month period). Therefore, ED will not accept any NDSLs after midnight June 30, 1981, but will commence accepting only assigned loans as of January 1, 1982 and continue that operation until June 30, 1982.



**DEPARTMENT OF EDUCATION**

OFFICE OF STUDENT FINANCIAL ASSISTANCE  
WASHINGTON, D.C. 20202

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# The Bulletin

March - April  
1981

Department of Education

Office of Student Financial Assistance

**On an interim basis,  
The Bulletin will be  
published bi-monthly.**

## Notes From The Acting Deputy Assistant Secretary

Recently we have noticed that audits and program reviews are identifying, in substantial amounts and with increased frequency, instances where institutions have drawn funds from the Departmental Federal Assistance Financing System (DFAFS), diverted them directly to institutional accounts, and used the funds to cover operating expenses of the institution. Such practices are prohibited by statutes and regulations. Institutions that have followed such practices may be subject to civil or criminal proceedings by the Department of Justice, in addition to limitation, suspension, fine, and/or termination actions by the Department of Education (ED). We intend to analyze each case on its own merits to determine the proper remedy. We will look at such factors as the amounts involved, duration and frequency of the "borrowings," and intentions of the institutions. One of our concerns is the undisclosed interest costs incurred by the Federal Government for the funds used improperly by the institution in advance of the time they were needed for student financial aid disbursements.

We believe that institutions must bear the responsibility for their actions in this area. Therefore, during the Division of Certification and Program Review (DCPR) audit and program review process, in addition to ensuring that the improperly used funds are reimbursed, we will take the following actions:

- (1) require institutions to pay interest on the Federal funds improperly used;
- (2) assess a fine in an amount at least equal to the interest cost, under the provisions of 34 CFR 668.75, as authorized by 487(b)(2)(B) of title IV of the Higher Education Act of 1965, as amended, by the Education Amendments of 1980, P.L. 96-374, and:

- (3) determine whether the facts warrant civil, criminal, or additional administrative proceedings.

The interest rate to be charged is a percentage rate determined by the Department of the Treasury. This rate is based on the current value of funds to the Treasury and DCPR will use the rate applicable to the time period when the funds were used by the institution. Payments of both the interest and fine will be made directly to ED.

Institutions also should note that we consider a similar misuse of Federal funds to have occurred when an institution withdraws excess cash from its National Direct Student Loan (NDSL) Fund and uses it temporarily to cover institutional operating expenses. Interest and a fine also will be assessed in these types of cases; however, the interest is paid to the NDSL Fund and the fine is paid to ED.

Sincerely,

*James W. Moore*  
James W. Moore

## Pell (Basic) Grant Application Processing Resumes

Because of President Reagan's proposed budget reductions, the Department of Education (ED) chose to temporarily suspend processing 1981-82 Pell (Basic) Grant applications on February 20 until proposed changes for the program were agreed upon. This action was taken to eliminate the possibility of some students having eligibility determined under a method that might later be changed.

We commenced processing Pell (Basic) Grant applications on Wednesday, April 15, after making changes to the system to accommodate the program changes the Congress and ED have agreed upon:

- Set maximum Pell (Basic) Grants at \$1,750.
- Continue to use the 1980-81 family size offset—this is not indexing for inflation.